Vontobel

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Information for clients of Vontobel Asset Management

Introduction

This brochure provides you with essential information about the Swiss Financial Services Act (FinSA), which entered into force on 1 January 2020, and how the new regulatory standards are implemented by Vontobel Asset Management AG (Vontobel AM) respectively Bank Vontobel AG (Bank Vontobel; together Vontobel Asset Management), reflecting their current setup and services.

FinSA is the new Swiss regulatory framework for the provision of financial services in or from Switzerland. Its main purpose is the enhancement of investor protection and the creation of a regulatory level playing field for the provision of financial services. To this end, FinSA establishes requirements for the provision of financial services (rules of conduct), for the internal organisation of financial service providers (organisational measures) and for the offering of financial instruments (product transparency requirements). The level of client protection depends on the client segment to which the client is classified.

Vontobel Asset Management focuses on serving professional and institutional clients. On an exceptional basis Bank Vontobel provides execution-only services and acquisition and disposal of financial instruments to retail clients that are legal entities. FinSA gives retail clients the option of being treated as professional clients (opting out) as further explained in the section “Client classification” that you find below.

This brochure is handed over to you before the financial service is rendered by Vontobel Asset Management and is provided for information and regulatory purposes only, it is not exhaustive and does not aim to provide detailed information on each investment activity in our service offering. This brochure will be updated from time to time. The most recent and applicable version can be found at www.vontobel.com/finsa or can be provided to you upon request.

Should you need more information, please refer to our dedicated FinSA webpage (www.vontobel.com/finsa). For any additional questions, please contact your relationship manager.

Information for MIFID II clients
This brochure contains important information on the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) which is a European legislation entered into force on 3 January 2018. To large extent MIFID II is for European financial markets the equivalent of FinSA in Switzerland. MIFID II aims to strengthen investor protection and to improve the functioning of financial markets in Europe by making them more efficient, resilient and transparent.

If MIFID II is applicable to you, you do not lose any applicable and existing investor protection under MiFID II. Where you are protected by MiFID II and FinSA, both regulations apply in parallel and independently from each other. Where there is a difference in the level of protection offered to a client between FinSA and MiFID II the higher level of protection will prevail.

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1. Information about Vontobel Asset Management

Vontobel Asset Management AG

Vontobel Asset Management AG, with its registered office in Zurich, is a wholly-owned subsidiary of Vontobel Holding AG, Zurich, and is licensed and regulated by the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, CH-3003 Berne, as manager of collective assets pursuant to Article 24 et. seq. of the Federal Act on Financial Institutions (FinIA). Vontobel AM offers you the following financial services: administration of financial instruments (Portfolio Management), provision of personal recommendation on transactions with financial instruments (Investment Advice), and acquisition or disposal of financial instruments (Acquisition and Disposal of Financial Instruments).

Bank Vontobel AG

Bank Vontobel AG, with its registered office in Zurich, is a wholly-owned subsidiary of Vontobel Holding AG, Zurich, and is licensed and regulated by the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, CH-3003 Berne, as a bank pursuant to Article 3 of the Swiss Banking Act. With regard to Vontobel AG and in the context of custody services, Bank Vontobel provides the service of receipt and transmission of orders in relation to financial instruments. In this context, please note that your client relationship manager represents not only Vontobel AM but also Bank Vontobel.

2. Client classification

2.1. Description of client segments

Vontobel Asset Management as financial service provider is required by law to classify all of its clients into three segments: retail, professional and institutional clients. The level of regulatory protection recognized by law to each client´s category differs in consideration of the assumed client´s segment knowledge and experience in financial investments:

- **Retail clients:** retail clients are all clients who do not qualify as professional or institutional clients. FinSA grants retail clients the highest level of regulatory protection by requiring financial service providers, for example, to comply with duties to provide extensive information regarding product risk (e.g. Key Information Document (KID), before a service can be provided or a trade can be executed, to provide reports and to review the appropriateness and suitability of financial services. The range of financial instruments available is generally limited to products targeted at retail clients or to products explicitly registered for distribution to retail clients. Please note that, Vontobel AM does not provide financial services to retail clients who are served by the Wealth Management of the Bank Vontobel.
- **Professional clients:** professional clients are sophisticated investors such as occupational pension schemes with professional treasury operation and companies with professional treasury operations. Professional clients have access to a wider investment universe compared to retail clients, which includes financial instruments intended only for professional clients or which are not registered for sale to retail clients. In consideration of their knowledge and experience and their financial ability to bear losses, professional clients receive a lower level of investor protection. Some rules of conduct do not apply to professional investor (e.g. the provision of KID).
- **Institutional clients:** certain professional clients such as regulated financial intermediaries, insurance companies and central banks are deemed institutional clients and are treated as a separate segment of clients. Similar to professional clients, institutional clients have access to a wide range of financial instruments, however they are subject to the least client protection regulations in consideration of their assumed knowledge, experience in financial investments and capacity to bear losses.

If you do not agree with the initial classification by Vontobel Asset Management, you can request a change in your classification as long as you meet the necessary legal requirements.

2.2. Change in client classification

Clients might request to change the client classification proposed by Vontobel AM at any time as long as the necessary legal requirements are met.

- **Professional clients:** Occupational pension schemes and other institutions whose purpose is to serve occupational pensions with professional treasury operations and companies with professional treasury operations may declare in writing that they wish to be treated as institutional clients ("opting out"); the same is true for Swiss and foreign collective investment schemes and their management companies which are not deemed institutional clients who might require to be treated as institutional clients; all professional clients that are not deemed institutional clients may declare in writing that they wish to be treated as retail clients ("opting in").
- **Institutional clients:** Institutional clients may declare in writing that they wish to be treated as professional clients ("opting in").
- **Retail clients:** High-net-worth retail clients and private investment structures clients may declare in writing that they wish to be treated as professional clients ("opting out") provided that the FinSA requirements are met. In principle, Vontobel AM will cease to provide financial services to clients classified as retail who will be served by the Wealth Management of the Bank Vontobel.

Should you wish to "opt in" or "opt out", please contact your relationship manager at Vontobel AM.

Information for MIFID II clients
Vontobel Asset Management classifies its clients according to MIFID II requirements into three categories: retail clients, professional clients and eligible counterparties. The level of regulatory protection recognized by MIFID II to each client´s category differs in consideration of the assumed client´s category knowledge and experience in financial investments. Clients might request an adjustment of the classification at any time provided the legal requirements are met.
If Vontobel Asset Management determines that a client no longer fulfils the criteria of the MIFID II investor protection category initially allocated to her/him, Vontobel Asset Management will independently adjust the client classification. In this case the client affected will be informed immediately. Every reclassification undertaken applies in general to all financial services provided by Vontobel Asset Management. Please note that professional clients are obliged to inform Vontobel AM about all changes that could impact their classification.

2.3. Qualified investors according to CISA

The following clients are qualified investors according to the Collective Investment Schemes Act (CISA):

- Professional clients according to FinSA
- Institutional clients according to FinSA
- Retail clients according to FinSA, with a long-term asset management or investment advisory agreement.

Qualified investors may invest in foreign collective investment schemes that are not authorized for distribution in Switzerland and in Swiss collective investment schemes that are reserved for qualified investors. Qualified investors according to CISA can apply not to be considered as qualified investors. As this may have adverse effects on the investment universe, please be informed that Vontobel AM does not enter into business relationships with clients who wish to be considered as non-qualified under CISA.

3. Financial services

3.1. Information on financial services offered

Vontobel Asset Management offers a comprehensive range of asset management services, namely: Portfolio Management, Investment Advice on a portfolio level, Execution-only services as well as the Acquisition or Disposal of Financial Instruments. The services we offer may vary in consideration of the client´s domicile and depending on the classification of the client.

3.2. Portfolio management

Under a portfolio management mandate the management of the client´s investments in financial instruments (the portfolio) is delegated to Vontobel AM. Vontobel AM is appointed and authorized to manage your assets on a discretionary basis in the specified account(s) in accordance with the investment instructions agreed and based on a written agreement. Your investment objective is the foundation for the management of your portfolio. For information regarding the application of the EU sustainable financial disclosure regulation (SFDR) to your portfolio management mandate, please see the section “Sustainable Finance” below.

3.3. Investment advice

Under an advisory mandate, Vontobel AM provides personal recommendations on your entire portfolio and not on specific transaction level (unless otherwise agreed) while the client retains the ultimate investment decision on the financial instrument(s) recommended. The Investment Advice is rendered exclusively on the basis of a written agreement. For information regarding the application of the EU sustainable financial disclosure regulation (SFDR) to your advisory mandate, please see the section “Sustainable Finance” below.

Information for MIFID II clients

MiFID II distinguishes between dependent and independent investment advice. In case of independent investment advice, the advisor must base its investment recommendation on a sufficiently broad range of financial instruments, also in consideration of providers and issuers. In particular, the investment recommendation may not be limited to own-brand products. The independent advisor may not accept or receive any fees, commissions or other monetary or non-monetary benefits from a third party. Vontobel AM does not render investment advice on an independent basis as defined in Article 24 of MiFID II. As a result, the stricter regulations applicable for independent, fee-based investment advisors regarding the acceptance of compensation from third parties do not apply for Vontobel AM. However, Vontobel AM does not accept any monetary benefits from third parties in connection with the provision of investment consulting, or it forwards them to clients.

3.4. Execution-only

Bank Vontobel offers to clients of Vontobel AM (in the context of offering custody services) Execution-only services.

3.5. Acquisition or Disposal of Financial Instruments

Vontobel Asset Management provides the service of Acquisition or Disposal of Financial Instruments in the context of the offering of shares or units of its collective investment schemes. Such service does not amount to a personal investment recommendation.

4. Suitability and appropriateness assessment

FinSA requires financial service providers to carry out the suitability and appropriateness assessment when providing Investment Advice and Portfolio Management services. The scope and nature of the assessment as well the information required to perform it depend on your client’s classification and on the financial service rendered to you. The goal of the assessment is to determine whether the financial service is suitable to you based on the information that we receive during your on-boarding. If we do not receive the necessary information, we may refrain from providing financial services.

While Vontobel AM focusses on serving professional and institutional clients, Bank Vontobel serves retail clients (being legal entities) in the set-up described herein, but only on an exceptional basis and limited to Execution-only services and the Acquisition and Disposal of Financial Instruments. Therefore, the extent of the suitability assessment performed by Vontobel AM is limited:

- **Institutional clients:** FinSA does not require the performance of an appropriateness or suitability assessment in case of institutional clients; however, any preferences to be taken into account with regard to sustainable investment approaches are noted.
- **Professional clients:** only in the context of Portfolio Management and Investment Advisory (on the entire portfolio), Vontobel AM is required to assess the investment objective of the client. The assessment is made in consideration of the client´s risk tolerance, purpose and investment horizon as well as investment strategy

and restrictions agreed with the client in the respective agreement. Furthermore, any preferences to be taken into account with regard to sustainable investment approaches are noted. In accordance with FinSA, Vontobel AM assumes that professional clients have the required level of knowledge and experience and can financially bear the investment risks associated with the financial service;

- **Retail clients:** FinSA does not require the performance of suitability or appropriateness assessment when rendering Execution-only services and services of Acquisition or Disposal of financial instruments.

Where solely executing or transmitting clients' orders, Bank Vontobel notifies its clients that an appropriateness or suitability assessment will not be performed. Accordingly, Vontobel AM does not note any preferences with regard to sustainable investment approaches in such cases.

Information for MIFID II clients

When it comes to investment services such as portfolio management and investment advice, Vontobel AM assesses whether the recommended services and financial instruments are suitable for you based on the information provided by you or your representative. To this end, Vontobel AM requires certain information about your knowledge and experience of investment services and financial instruments, financial circumstances, investment objectives including risk tolerance and sustainability preferences. If Vontobel AM does not receive the necessary information, we may refrain from providing investment services.

If you are classified as a professional client or eligible counterparty, we assume that you have the required knowledge and experience in order to understand the risks involved in the recommended services or in the management of your portfolio. If you are classified as a retail client, we provide you with the "MIFID II knowledge and experience in investment business" form and the risk profile, which you are required to sign.

The information collected allow us to evaluate whether the the specific transaction to be recommended, or entered into in the course of providing a portfolio management service, satisfies the following criteria:

a) it meets your investment objectives, including the investment purpose, planned horizon, risk preference and sustainability preferences;
b) you are able financially to bear any related investment risks consistent with your investment objectives;
c) you have the necessary experience and knowledge in order to understand the risks involved in the transactions recommended or in the management of your portfolio.

Vontobel AM will assess, among others, your sustainability preferences, i.e., your choice on whether, and if so, to which extent, the following financial instruments shall be integrated into your portfolio or recommended investment:

1) financial instruments that consider principal adverse impacts on sustainability factors: these are financial instruments that considers principal adverse impacts, i.e., indicators measuring the negative external impact of economic activities on sustainability factors, which are environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

2) financial instrument investing in sustainable investments according to SFDR: these are investments in one or several economic activities that contribute substantially to an environmental objective or to a social objective (such as investments that contribute to tackling inequality or that fosters social cohesion, social integration and labour relations, or investments in human capital or economically or socially disadvantaged communities). Sustainable investments shall also satisfy two additional criteria: the investment shall not significantly harm any other environmental or social objective and the investee companies shall follow good governance practices (such as sound management structures, employee relations, remuneration of staff and tax compliance).

3) financial instruments investing in environmentally sustainable investments according to EU Taxonomy Regulation: these are investments in one or several economic activities that contribute substantially to (a) climate change mitigation; (b) climate change adaptation; (c) the sustainable use and protection of water and marine resources; (d) the transition to a circular economy; (e) pollution prevention and control; and / or (f) the protection

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and restoration of biodiversity and ecosystems; environmentally sustainable investments shall also satisfy three additional criteria: 1) the investment shall not significantly harm any other environmental or social objective; 2) the investee companies shall follow good governance practices and 3) shall comply with technical screening criteria established by the European Commission.

We are only able to provide investment services within the scope of our legal agreements on the basis of this information. We consider services and financial instruments to be suitable if they:

- correspond with your investment objectives
- are associated with a level of investment risk that is in line with your risk preference and risk profile
- are only associated with risks that correspond with the determined level of knowledge and experience

Vontobel AM relies on the information provided by you or the individual authorised to act on your behalf. You or your authorised representative are obliged to notify Vontobel AM immediately of any change in circumstances that may necessitate changes or updates.

5. Best execution of clients orders (Best Execution)

Best Execution is the obligation to take all appropriate steps to obtain the best-possible result independently of whether the client´s order is executed by Vontobel AM, other affiliates or through third-party brokers. We have summarised the principles for the execution of client orders in our Best Execution policies of the respective legal entity of Vontobel Asset Management. These policies are available in the latest version at www.vontobel.com or can be provided to you upon request.

6. Conflicts of interest

In the context of the provision of financial services, conflicts of interest might be generated between our clients and us, our executive board members, our employees and contractually affiliated intermediaries, and other people associated with us either directly or indirectly. In order to protect the client´s interest, Vontobel Asset Management has taken appropriate measures to prevent such conflicts of interest or avoid the disadvantages for clients resulting from conflicts of interest. We have summarised these measures in our Conflict of Interest policies of the respective legal entity of Vontobel Asset Management. These policies are available at www.vontobel.com. If Vontobel Asset Management cannot exclude disadvantages for clients arising out of a conflict of interest, this possibility must be disclosed to the clients. Vontobel Asset Management will notify you of the nature and source of this conflict, the risk associated with it and the measures taken to mitigate it, so that you can take an informed decision.

In accordance with the applicable regulatory requirements, Vontobel Asset Management does not accept or keep any commissions, fees or other monetary and non-monetary benefits that are granted either directly or indirectly by third parties in connection with services provided for clients. Any commissions, fees or other monetary benefit that are received will be forwarded to clients in full within a reasonable amount of time. Non-monetary benefits (e.g. invitations to conferences, seminars and training events, business entertainment, in particular in connection with the aforementioned events) might be accepted provided they are insignificant, enhance the quality of the service and their scope and form do not conflict with the client's interests. In order to ensure the independence of Vontobel Asset Management´s investment opinions and to avoid potential conflicts of interest, Vontobel AM pays for research investment services and do not charge them to its clients. Clients might request further information to their relationship managers.

7. Costs in connection with financial services

Costs and fees may be incurred both by Vontobel Asset Management and by third parties (e.g. through Bank Vontobel and other custodian banks, third party funds in the client´s portfolio) in connection with the provision of financial services. Costs and fees of the client´s portfolio management or advisory and/or the financial transactions are agreed in the respective agreements. Incurred costs will be charged to clients. In case of questions related to costs and fees, please contact your relationship manager.

8. Disclosure of transactions in securities and other financial instruments

Vontobel Asset Management may be obliged to report to the supervisory authorities transactions that it has carried out with securities and other financial instruments. Reports must contain identification details about the buyer and/or seller of these instruments and about the person who issued the trade order. If this person is a legal entity, it must be reported with its legal entity identifier (LEI).

9. Information on financial instruments and their risks

Transactions in financial instruments involve opportunities and risks. It is important that you understand these risks. Vontobel Asset Management takes into account a broad range of financial instruments when providing financial services to you, which comprises both Vontobel branded products and products of numerous third-party providers. A generic description of the major risks associated with such financial instruments used in connection with our financial services can be found in Annex (“Information on Risks”) as attached hereto. In addition, you will find more detailed description of such risks in the brochure ‘Risks Involved in Trading Financial Instruments’ published by the Swiss Bankers Association, which can be downloaded from https://www.swissbanking.org/library/richtlinien/risiken-im-handel-mit-finanzinstrumenten/sbvg_risiken_en.pdf

10. Statement of assets and other reporting services

Statement of assets — Vontobel Asset Management provides periodic reporting on the rendered services if applicable and as agreed in the respective agreements. Unless agreed otherwise, this service includes e.g. for portfolio management services the composition and valuation of the portfolio and, if applicable, the portfolio’s performance during the reporting period.

Transaction confirmations — If Vontobel Asset Management executes transactions in securities and other financial instruments in your name, unless otherwise agreed (e.g. all-in fees), a confirmation of the execution will be provided to you by Bank Vontobel or other custodian banks after execution, We will not inform you about the status of the execution prior to executing your order, except if you have instructed us explicitly to do so or if difficulties arise when executing the order.

You may receive additional reporting and/or documentation depending on the financial instruments or services you have chosen, your client classification and the applicable regulations.

11. Recording of calls and electronic communication

Vontobel Asset Management is obliged to record all electronic communication associated with a transaction. In addition to that, we record communication with clients in specific cases.

Consequently, Vontobel Asset Management may not engage in any transaction-related communication with you via channels on which Vontobel Asset Management cannot record the communication (e.g. external instant messaging services). Moreover, Vontobel Asset Management records the key contents of transaction-related personal conversations in logs in order to ensure that the recommendations issued to you are traceable. The records are stored on a durable medium in such a way that ensures an appropriate level of confidentiality and protection against manipulation.

By entering into a business relationship with Vontobel Asset Management or contacting Vontobel Asset Management by electronic means, you give consent to the aforementioned recording and storage methods. You have always the right to request copies of the records in exchange for an expense fee.

12. Language and means of communication

You can communicate with Vontobel AM in one of the following languages: English, German and French. If available, contracts and notifications as well as client documents will be provided in the selected language. In general, we will communicate with you in writing. We will accept orders and other information per telephone, fax, or e-mail if you agree to communicate via these channels. If you communicate with us via one of these channels, we reserve the right to contact you in the same manner.

13. Handling complaints

Suggestions, comments and feedback are best sent directly to your relationship manager. If you wish to submit a formal complaint concerning an aspect of your relationship with Vontobel Asset Management, this can be done in accordance with the Vontobel Asset Management´s complaint management principles. The guidelines and process for handling complaints are summarized in the "Complaints Handling Policies" of the respective legal entity of Vontobel Asset Management. These can be found at www.vontobel.com.

14. Ombudsman

FinSA provides for a mediation before an ombudsman to settle legal disputes between clients and financial service providers. For this purpose, Vontobel Asset Management has affiliated with an ombudsman that has been recognized by the Swiss Federal Department of Finance. The ombudsman is a free and neutral information and mediation agency. Vontobel Asset Management is affiliated with:

Swiss Banking Ombudsman
Bahnhofplatz 9
Postfach
8021 Zurich
Switzerland

+41 43 266 14 14 (German / English)
+41 21 311 29 83 (Français / Italiano)

www.bankingombudsman.ch/en/

15. Sustainable Finance

In Switzerland, the Asset Management Association Switzerland (AMAS) has devised a self-regulation process regarding transparency and disclosure for sustainability-related collective assets. This self-regulation sets out the first ever binding guidelines for the organization of financial institutions that manage sustainability-related collective assets, thereby ensuring transparency and quality in the management of sustainability-related collective assets. This self-regulation came into force on September 30, 2023, with Vontobel AM opting to sign up for this self-regulation voluntarily.

When providing its asset management and investment consultancy services, Vontobel AM factors in ESG risks during the investment process. The application of the relevant sustainable investment approaches when selecting investments is agreed contractually. If only exclusions are to be taken into account, the mandate is not regarded as a sustainability-related mandate.

You can find further information in the Vontobel Group's Sustainable Investing and Advisory Policy, which is available at https://www.vontobel.com/de-ch/rechtliche-hinweise/sfdr/.

On 27 November 2019 the European Parliament and the Council of the European Union adopted the Sustainable Finance Disclosure Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR") which was later amended by the regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment ("EU Taxonomy Regulation").The main objective of SFDR and of EU Taxonomy Regulation is to provide investors with the appropriate and necessary sustainability-related information to enable them to make informed decisions about financial products and services. This section of the brochure provides you with an overview of the significant details regarding the implementation of SFDR and Taxonomy Regulation at Vontobel AM.

Vontobel AM integrates Sustainability Risks (as defined under the General Risk Notice) in its investment decision-making and investment advice processes and provides the result of the assessment of the likely impacts of Sustainability Risks on the returns of the financial products it makes available or advises on unless clients instruct otherwise. The integration of Sustainability Risks in the investment decision-making or advisory process is reflected in the Vontobel Group´s Sustainable Investing and Advisory Policy, available under Vontobel.com/SFDR. Information on how the Sustainable Investing and Advisory Policy is implemented in the product offered or advice given may be obtained from Vontobel.com/SFDR.

In addition, a portfolio management mandate can also be classified as a) promoting environmental or social characteristics; or b) having a sustainable investment as its objective.

A portfolio management mandate is classified as promoting environmental or social characteristics if it seeks to contribute to the promotion of sustainability factors (environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters as identified in the Vontobel Group´s Sustainable Investing and Advisory Policy). The promotion of environmental or social characteristics includes, for example, selecting companies with better than average management of sustainability factors, engaging with companies to improve certain environmental and / or social characteristics or excluding certain harmful economic activities (such as thermal coal, tobacco, biological, and chemical weapons). However, such type of portfolio management mandate does not have as its objective sustainable investments. Additional information about the investment policies of such mandates are included in the respective portfolio management mandate documentation.

When a portfolio management mandate has a sustainable investment as its objective, the investments in scope of such a mandate are in an economic activity that contributes to an environmental or social objective. The contribution of investments to an environmental objective can be measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy. The contribution of investments to a social objective includes, for example, investments that contribute to tackling inequality or that foster social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities. It must be noted that the investments in scope of such a mandate do not significantly harm any other environmental or social objectives and that the investee companies follow good governance practices, in particular with respect to, for example, sound management structures, employees relations, remuneration of staff and tax compliance. Additional information about the investment policies of such mandates are included in the respective portfolio management´s documentation.

16. Contacts

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Information on Risks	
Risks associated with the financial services rendered by Vontobel Asset Management	Vontobel Asset Management's financial services (and in particular the financial instruments or investment strategies exercised in order to perform these services) may be associated with e.g. financial, regulatory or reputation risks. The general risks may include, but are not limited to, the ones described below.
General risks	
- **Credit risk (incl. counterparty and issuer risk):**	Credit risk arises when the counterparty or the issuer of a financial instrument (e.g. the issuer of a debt instruments securities such as bonds or the counterparty to a derivative transaction) is unable or unwilling to make timely payments (principal or interest payments) when due, or otherwise fails to honor its obligations. This can result in partial or total loss of the invested capital (e.g. if the counterparty becomes insolvent). Certain financial instruments, especially securities, are subject to varying degrees of counterparty and issuer risk, which are regularly reflected in their credit ratings. Issuer risk is a specific case of the credit risk. It contemplates the risk of an issuer of a security becoming insolvent, in which event the holders of the securities could lose the invested capital. This risk plays also an important role in respect of structured products, including warrants or certificates. The issuer risk depends not only on the financial and economic circumstances, but also on the creditworthiness of the issuer which may be subject to changes in the future.
- **Limited diversification risk:**	Limited diversification risk arise when a single financial instrument, a small number of financial instruments or a single asset class makes up a large share of the portfolio. Further the investments can be concentrated in specific segments within a sector and / or in particular regions and / or at issue level. This limited diversification risk can increase the risk of loss if the chosen investment strategy does not meet its expectations.
- **Foreign currency / foreign exchange risk:**	Foreign currency / foreign exchange risk arises if the financial instrument is denominated in a currency other than the defined reference currency of the portfolio (i.e. the investor's base currency). Currency fluctuations can result in losses. Unless otherwise stated in the applicable investment guidelines, Vontobel Asset Management is not obliged to hedge financial instruments which are not denominated in the reference currency of the portfolio.
- **Liquidity risk:**	Liquidity risk arises if the financial instrument cannot be sold at any time at price that is in line with the market. If financial instruments cannot be sold or can only be sold at a sharply reduced price, this is referred to as an illiquid market. Market quotations for such financial instruments may be volatile and/or subject to large spreads between bid and asked prices. As a consequence, reduced liquidity results in an additional discount on the selling or liquidation price. The risk of illiquidity may arise in particular for unlisted or small-cap companies in the event of sales restrictions, for structured product, for alternative investments and for OTC derivatives (please see "Risk information with regard to specific financial instruments" and "Alternative investments strategies" below for further reference).

- **Market risk:**	Market risk arises when the value of the financial instrument decreases in response to the market fluctuations, including developments or perspectives of global economy, sectors, industries, individual companies or securities issuers and similar. Even if the markets perform well, there can be no assurance that the financial instruments will participate in or otherwise benefit from the gains.
- **ESG-risk**	ESG-risks are events or situations in these three areas that are currently having a negative impact on economic, cost or reputation factors, for example, and thus also on the value of a company or the market price of financial instruments or could potentially do so in future. **Environmental risks** are commonly divided into two categories: physical risks and transition risks. Physical risks include, for example, damage and costs arising from extreme weather events caused by climate change, such as storms, flooding and heatwaves, which threaten or harm a company's economic activities or assets. Transition risks include regulatory risks, changes in consumer behaviour and liability or legal risks. One example of a transition risk would be the introduction of a tax on carbon dioxide emissions, which could negatively affect a company's profitability and thus its enterprise value. **Social risks** can arise, for example, from violations of employment standards, a lack of attention to occupational health and safety, poor product safety, failure to address social issues, unfair treatment of staff or high staff turnover. **Governance risks**, meanwhile, can arise from unequal treatment of shareholders, inadequate risk management or control mechanisms, inappropriate remuneration systems or rule violations (e.g. corruption), among other things. ESG-risks can affect specific asset classes, regions, economic sectors and/or companies in different ways. For instance, climate change, environmental destruction and the need to adopt more sustainable business practices can lead to changes in the real economy that might create new risk factors for investors. Investors, therefore, should always incorporate ESG-risks into their risk diversification decisions. ESG-risks and characteristics can be integrated into asset management and investment advisory processes using a range of different ESG-approaches, all of which are evolving rapidly. It is important for investors to understand that these approaches have different aims and that not all of them are geared to a measurable positive impact on ESG-factors such as reducing pollution.
Risks in connection with sustainable investment approaches and data -	The application of sustainability approaches in the investment process may influence the performance of assets. Assets may perform differently to and may be less diversified than an investment strategy that makes investments without regard to ESG factors. However, an assessment of the possible impact of sustainability risks can only be made with reference to a specific portfolio. The lack of established standards and harmonized definitions in the field of sustainability can lead to different interpretations and approaches in implementing sustainable investment objectives. The lack of a standardized taxonomy leaves the asset manager with a certain amount of subjective discretion in the design and

	application of sustainability approaches in the investment process, which can result in limited traceability. The implementation of sustainable investment approaches is based largely on data obtained from specialized third-party providers. Due diligence commensurate under the circumstances is exercised when selecting, instructing and monitoring these third-party providers. The accuracy and completeness of the data sourced from these third-party providers is not generally reviewed. For more information about the sustainability data relevant to the investment process and the audit cycle as well as any relevant external data sources visit https://am.vontobel.com/de/esg-investing.
Risk information with regard to specific financial instruments	
Asset-backed and mortgage-backed securities:	Asset-backed securities (ABS) are securities issued by special purpose vehicles (SPV) and are backed by a pool of assets, such as loans, credit card receivables or similar that provide funds for interest payments to the ABS investors and for the repayment of the invested principal. In case of mortgage-backed securities (MBS), the securities are secured by a pool of mortgages. The SPV is established with the sole purpose to issue and to administer the ABS/MBS and is fully independent from the entity granted the underlying receivables ("off-balance sheet"). One of the main purposes of ABS/MBS is to reallocate credit and prepayment risks among the investors which is achieved by creating different tranches within the securities that have a senior-subordinated structure as regards the credit and prepayment risks. The structure of the ABS/MBS and the pools backing them are often intransparent and may expose credit and prepayment risks (extension or contraction risks). Additionally, these instruments can be highly illiquid and therefore subject to extreme price fluctuations.
Contingent convertible bonds:	Contingent convertible bonds are debt instruments securities that are automatically converted into equities once a predefined event has occurred (e.g. value falling below a certain threshold). These financial instruments may also be exposed to other risks, such as trigger-level risk, coupon cancellation, capital structure inversion risk, maturity extension and valuation risk.
Structured products:	Structured products comprise a broad range of different financial instruments (such as certificates, credit or equity-linked notes and similar products) and offer various structuring possibilities, so that different types of risks can apply. Given that structured products are often unsecured and are only backed by the credit of the issuer, they are heavily subject to the issuer risk (please see “Issuer risk” section above). As a consequence, investments in structured products may entail potential losses, including total loss. Furthermore, due to limited market penetration for structured products, they might be subject to the liquidity risk. They also tend to have a very complex, intransparent structures and may be highly customized.
Leveraged products:	Leverage is a technique magnifying an exposure to an asset class or to an instrument to which it has been built up. This means that a lower capital input is required vis-a-vis the direct investment in affected underlyings. While the gain is multiplied in case the asset class to which leverage has been employed experiences profit (i.e. the percentage change in return of the leveraged portfolio is greater than the percentage change in return of this portfolio would be if it were unlevered), contrary applies in case if asset class faces loss.

Derivatives, including swap contracts and credit derivatives:	Derivative instruments are financial instruments, for which the price is derived either from the price of an asset class, such as equities, bonds, commodities (so-called “underlyings”); or from benchmark rates (such as currencies, interest rates, indices); or from credit or catastrophe events. Derivative transactions may be traded on stock exchanges (“ETD”) or over-the-counter (“OTC”). They can be exercised for hedging purpose or for the achievement of the investment objective. Derivatives can have a speculative nature and create a corresponding leverage effect, which in turn may result in significant volatility. Additionally, use of derivatives is subject to a number of general risks, including market risk, counterparty risk, liquidity risk and settlement risk. Swap contract is a structured derivative instrument which may entail high potential losses. Swap contracts exhibit the risks inherent to the use of derivatives in general, but also swap-specific risk of creation of a synthetic position. Party paying a premium and receiving performance of a stock, an index (e.g. equity index) or a rate (e.g. fixed versus floating rate) is economically exposed to that stock, index or rate even though it might be prohibited or restricted in terms of its investment policy from taking an exposure to the specific stock, equity markets or rate type. Derivative instruments may further be used to hedge against various credit events associated with a third party (e.g. its default, downgrade or change in a credit spread) or apply return enhancement strategies resulting from such credit events. Credit derivatives (in particular, credit default swaps - i.e. CDS) are designed in a way that one party sells a protection to a protection buyer with an underlying being a security or a basket of securities issued by one or several third parties in return for receipt of a recurring premium from the protection buyer.
Risk information with regard to specific financial strategies	
Fixed income strategies:	Investments in fixed-income financial instruments are subject to a number of risks. The most significant risks are thereby interest rate risk and counterparty risk. The interest rate risk is a risk of a decrease in the value of a fixed-income security if interest rates rise.
- **High-yield securities:**	High-yield securities are financial instruments that are invested in higher-yielding and more risky debt instruments securities, which are generally considered more risky and more speculative. They comprise a higher credit risk, higher price fluctuations, a higher risk of loss of capital deployed and of ongoing earnings than bonds with a higher credit rating. The high-yield bonds are generally more sensitive to the changes in the macroeconomic conditions. The spread to the higher rated securities tends to widen during the economic slowdown and recession and to tighten during the economic upswing.
- **Distressed securities**:	Distressed securities are financial instruments that are in financial distress or near bankruptcy, typically with a Standard &Poor´s rating below CCC- (or an equivalent rating from another agency). Investments in distressed securities are very speculative. In the case of the favorable outcome, the investment may yield an attractive return as the distressed securities may experience very high discounts in their price, which is not justified by the fair value of the security. In the reversed case, the investments in

	distressed securities may yield in significant losses, including total loss in case if the issuer of the security goes bankrupt. Also, the liquidity of such distressed security may become a superior risk as compared to the credit risk or may even be the most significant risk to which the holder of the distressed security is exposed.
Alternative investments strategies:	Alternative or non-traditional investments, such as commodities, hedge funds, private equity and real estate, are subject to further special risks. In contrast to the conventional asset classes (e.g. equities, fixed-income, cash or money-market instruments), they may be very illiquid, intransparent and often have a speculative nature. It is possible that the information required for evaluation of such position is either not readily available or strongly biased due to the low reporting obligations for the participants in the markets for alternative asset classes. Appraisals are often used which results in the so-called smoothing effect that exhibits an upward bias for returns and a downward bias for volatility and correlation of the alternative asset classes.
- **Hedge funds:**	These alternative investments are made indirectly by means of funds or structured products, often domiciled in the offshore jurisdictions without an equivalent supervision and regulation. Such investments are usually associated with higher risk than traditional investments. Such risks may arise due to the use of short sales, derivative instruments and debt financing, which can have a leverage effect.
- **Private equity:**	These alternative investments involve investments in companies that are not listed and often in an early stage of their development. There is no guarantee that these companies will be successful and survive in the market.
- **Commodities and precious metals:**	These alternative investments depend on supply and demand, and in particular the development of the real economy. Commodities and precious metals are often extracted in countries in which the legal and political situation can change rapidly and unexpectedly (e.g. export and import restrictions, tax, unrest, international sanctions).

solicitation by or on behalf of the above mentioned entities to utilise a service, buy or sell securities or similar financial instruments or participate in a specific trading strategy in any jurisdiction.